

**TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE**



FISCAL NOTE

HB 3925 - SB 3916

February 19, 2010

SUMMARY OF BILL: Authorizes the State of Tennessee to issue direct general obligation interest-bearing bonds in amounts not to exceed \$271,800,000. Requires that \$13,200,000 of the proceeds be allocated to the Department of Finance and Administration (F&A) for capital outlay, maintenance of various state buildings, and grants to local governments; \$16,400,000 of the proceeds be allocated to F&A to provide funds for state office buildings and the Facilities Revolving Fund; \$77,700,000 of the proceeds be allocated to F&A for the acquisition and implementation of a radio system and driver license issuance system; \$77,000,000 of the proceeds be allocated to the Department of Transportation (TDOT) for construction of highways, acquisition of equipment, and capital outlay; \$87,500,000 of the proceeds be allocated to TDOT in FY10-11 for implementation of Phase II of the Tennessee Transportation Infrastructure Improvement Bond Program, and expended for the construction of bridges and highways, acquisition of equipment, and capital outlay. Repeals previous bond authorization totaling approximately \$1,358,900, which was authorized pursuant to Public Acts 2004, Public Chapter 958, for the purpose of providing funds to the Equipment Revolving Fund and expended for acquisition of equipment. Authorizes the funding board to issue bonds in amounts not to exceed 2.5 percent of the amount specified above for funding discount and costs of issuance.

ESTIMATED FISCAL IMPACT:

Increase State Expenditures – \$30,600,000 – 1st Year Debt Service

\$405,381,500 Over life of the bonds

\$270,441,100 Principal

\$134,940,400 Interest

(Reflected in the Governor's FY10-11 Recommended Budget)

Assumptions:

- All projects authorized shall be approved by the State Building Commission.
- Bonds may be designated as college savings bonds pursuant to the Baccalaureate Education Savings for Tennessee Act.
- First-year debt service on the issuance of \$13,200,000 of bonds is approximately \$1,453,000. These are 20-year bonds with a projected coupon rate of six percent. The

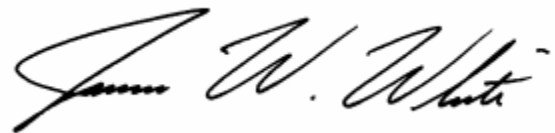
HB 3925 – SB 3916

projects for which these bonds will be authorized are in the Governor's recommended budget (page A-139).

- First-year debt service on the issuance of \$16,400,000 of bonds is approximately \$1,805,000. These are 20-year bonds with a projected coupon rate of six percent. The projects for which these bonds will be authorized are in the Governor's recommended budget (page A-162-163).
- First-year debt service on the issuance of \$77,700,000 of bonds is approximately \$10,101,000. These are 10-year bonds with a projected coupon rate of three percent. The projects for which these bonds will be authorized are in the Governor's recommended budget (page A-139).
- First-year debt service on the issuance of \$77,000,000 of bonds is approximately \$8,471,000. These are 20-year bonds with a projected coupon rate of six percent. Debt service for these bonds is included in the Governor's recommended budget (page A-129).
- First-year debt service on the issuance of \$87,500,000 of bonds is approximately \$9,001,000. These are 20-year bonds with a projected coupon rate of six percent. Debt service for these bonds is included in the Governor's recommended budget (page A-129).
- Debt service savings of \$231,000 on the repeal of the prior bond authorization of \$1,358,900. These were seven-year bonds with a coupon rate of three percent.
- Total first-year debt service is estimated to be \$30,600,000 $[(\$1,453,000 + \$1,805,000 + \$10,101,000 + \$8,471,000 + \$9,001,000) - \$231,000 = \$30,600,000]$.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, reading "James W. White". The signature is fluid and cursive, with the first name "James" and last name "White" clearly legible.

James W. White, Executive Director

/rnc